GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:4712
ANSWERED ON:23.08.2001
SETTLEMENT OF OUTSTANDING DUES
SUKENDER REDDY GUTHA

Will the Minister of POWER be pleased to state:

(a) whether the States have alleged that NTPC is overcharging the States for power being sold to them;

(b) if so, the facts thereof; and

(c) the action proposed for one time settlement to clear the outstanding dues?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) & (b) : The tariffs for NTPC power stations upto May, 1999 were determined byGovernment of India as per provisions in the Electricity (Supply) Act, 1948. This function now vests with Central Electricity Regulatory Commission (CERC) as per theprovision in the Electricity Regulatory Commission Act, 1998. They have determined a few provisional tariffs for newly commissioned units. The CERC have decided thattariffs so far determined by the Government of India or provisionally determined by the Commission shall remain valid upto 31.3.2001. The Commission, vide notification dated 4.4.2001, have further extended the validity of existing tariffs upto 30.9.2001 to enable them to determine revised tariffs to be effective from 1.4.2001.
NTPC raises bills every month based on tariffs notified as indicated aboveand in accordance with the Regional Energy Accounts issued by Religion Electricity Boards. Therefore, NTPC has not overcharged the states for the power sold by them.

(c) : Pursuant to decision taken in the Chief Minister`s Conference in March,2001, the Expert Committee constituted by Government of India the Chairmanship ofMember (Energy), Planning Commission has submitted its report on one timesettlement of outstanding dues of

SEBs payable to CPSUs on 11.5.2001.The Expert Group has recommended substantialincentive to the State utilities to settle past due and ensure full payment in future. These benefits include :

(i) Partial write-off of surcharge to the extent of 50% thereof.

(ii) CPSUs to give 2% of bond amount as cash incentive to those SEBs who open and maintain LCs without default by the specified dates.

(iii) Issuance of the tax-free bonds by the State Governments.

(iv) The Cash incentives for a period of 4 years @ 4% of the face value of the bonds to SEBs for achieving the prescribed performance milestones by the SEBs.

Recommendations of the Expert Group were considered by the High LevelEmpowered Group of Chief Ministers and these Recommendations have been accepted with the following modifications.

(a) The waiver of surcharge recommended by the Expert Group increased from 50% to 60%.

(b) The incentives for a period of 4 years @ 4% of the face value of the bonds for achievement of performance milestones by the

SEBs increased to 6% in the first year and 5% in the second year.

All the State Governments have been requested to initiate necessary steps for the implementation of the aforesaid scheme.